CLEVELAND PUBLIC LIBEARY BUSINESS INF. EUE. CORFORATION FILT

W. T. GRANT COMPANY

Annual Report

1934

MRB CORP. FILE

BOARD8 9658.27 G 76731



(A Delaware Corporation)

ANNUAL REPORT

Which Ended January 31, 1935

To be submitted to the Annual Meeting of Stockholders to be held at 1441 Broadway, New York, N. Y., on April 2, 1935.

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BOARD OF DIRECTORS

William T. Grant, Chairman

John G. Byler	Karl D. Gardner
R. A. Cunningham	John M. Hancock
Howland S. Davis	James L. O'Neill
Fred H. Edgecomb	Benjamin A. Rowe
Clayton E. Freeman	William B. Warner

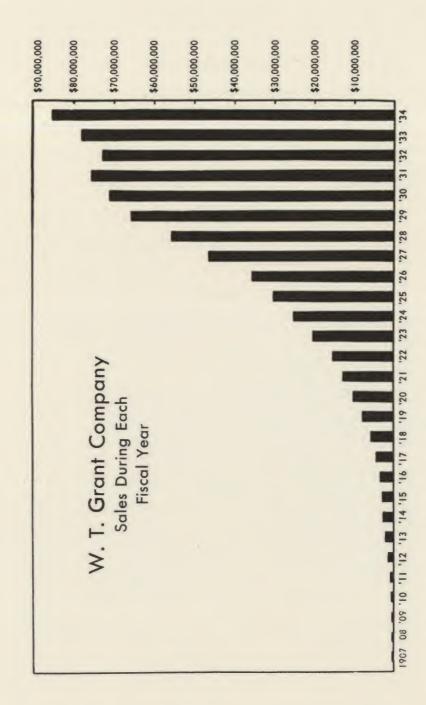
OFFICERS

William T. Grant .	•	•	•	•	•	Chairman of the Board
Benjamin A. Rowe.				•		President
Fred H. Edgecomb		٠		٠	•	Vice-President
Karl D. Gardner			٠	۰		Vice-President
Alfred N. Derouin.			٠			Vice-President
Richard W. Story .				•		Vice-President and Secretary
John G. Byler .						Vice-President and Treasurer

Transfer Agent

Registrar

Guaranty Trust Company of New York Bankers Trust Company New York, N. Y.



Department Stores Fourteen Forty-One Broadway New York

March 12, 1935

To the Stockholders:

During the past year sales of your company exceeded sales of any previous year. Net earnings were lower than in the previous year due to a lower margin of gross profit and increases in expenses, that were in a considerable degree not subject to control of the management.

Expansion was moderate, and with earnings in excess of the \$1. dividend paid during the year, the company's financial position continued strong.

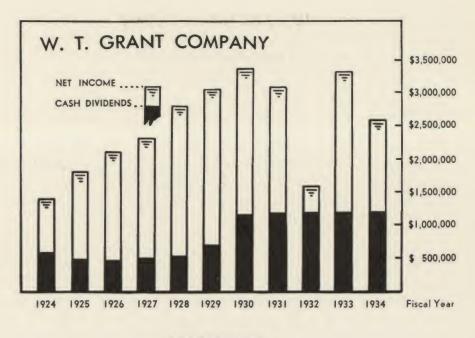
SALES

Sales for the year were \$85,069,612, an increase of \$6,863,493 or 8.7% increase over the preceding year. An analysis of this increase in sales appears below:---

	Fiscal Year 1934	Fiscal Year 1933	Change
Sales for 446 stores open during entire year 1933.	\$82,616,630	\$76,716,948	7.69% increase
Sales for 11 new stores opened during 1933	2,053,651	1,489,171	
Sales for 8 new stores opened during 1934	399,331	_	
TOTAL SALES	\$85,069,612	\$78,206,119	8.78% increase

With the increase in sales that took place last year, sales in identical stores were almost at the level of 1931.

Generally, agricultural communities showed the greatest improvement, with the industrial towns, particularly in the northeast, recovering only moderately.



NET EARNINGS

Net earnings for the 1934 fiscal year were \$2,616,202, which is equal to \$2.18 per share of capital stock outstanding. In the previous year earnings were \$3,347,175 or \$2.80 per share.

In 1933, rapid increases in commodity prices resulted in a gross margin of profit higher than ordinarily. In 1934, prices of most textile lines carried by the company were steady or falling with the result that the profit margin declined, and gross profit did not increase in proportion to sales. Expenses increased as a result of the additional volume handled and because the NRA payroll requirements were in effect over the entire year. A decline in profit compared with 1933 resulted.

The company has now completed a full year operating under NRA payrolls and the effect on operations can be determined. Sales payroll in 1934 was 52.8% higher than in 1932 although sales volume increased only 16.4%.

The NRA has limited management's control of payroll in relation to sales, and as rents and other major items of expense are also relatively fixed, increased profits will result primarily through increased volume of sales.

During the year \$616,139 was charged for depreciation of fixtures, \$462,421 was charged for amortization of alterations and improvements and \$74,620 was charged for depreciation on buildings, a total depreciation of \$1,153,180.

The constant increase in taxes of all types is a serious burden, to which all corporations have been subjected during the past five or six years. In 1929 taxes paid by your company were approximately \$1,000,000. Last year a total of \$1,882,042 taxes were paid directly by the company. This does not include processing taxes and other such taxes paid by the manufacturers of our merchandise, and therefore included in its cost, nor does it include real estate taxes on our store properties leased on a gross rental where our landlord pays the tax out of the rent received.

Members of legislatures in a number of states have introduced bills levying taxes discriminatory against chain stores. We believe the great majority of American people want the honest merchandise at low prices as sold by chain stores and do not want to discourage the development of companies which hold down the cost of living. While discriminatory taxes now in effect are not yet an appreciable burden, our customers and stockholders, manufacturers and landlords, as well as the management and employes of this company should actively oppose such legislation.

FINANCIAL CONDITION

At January 31, 1935 the balance sheet showed current assets of \$18,009,733 as compared with current liabilities of \$2,440,157. The excess of current assets over current liabilities was \$15,569,576, an increase in working capital of \$1,584,719 during the year. Cash was \$7,364,070. The increase of \$1,412,135 in merchandise inventories was in anticipation of greater sales volume in the early Spring.

NEW STORES

At the end of the year the company was operating 465 stores, eight of which were opened during 1934. These new stores and dates of opening are:

June 16, 1934—Florence, S.C.	Oct. 27, 1934—Barberton, Ohio
Sept. 1, 1934—Great Neck, N.Y.	Nov. 24, 1934—Orlando, Florida.
Sept. 22, 1934—Winthrop, Mass.	Nov. 26, 1934—Santa Barbara, Cal.
Sept. 29, 1934—Huntington Park, Cal.	Dec. 7, 1934-San Jose, Cal.

During the year, stores at Philadelphia, Pa., Hempstead, Brooklyn, Buffalo, Huntington and Hudson Falls, N. Y., Hudson, Mass., Brunswick, Me., and St. Paul, Minn. were enlarged, and several additional stores were completely remodelled. The appearance of the stores is more attractive than at any previous time. In the eight new stores opened in 1934 the company had the following capitalized investment at the year end:

Merchandise									\$172,665
Furniture and	Fixtures								141,885
Alterations and	d Improve	me	nts			•			7,345
Advances to	Landlords							۰	10,000
Total	• • •		•	•			•		\$331,895

During the year, store properties under lease at Lincoln, Nebraska and Wichita Falls, Texas were purchased and property owned at Schenectady, New York, was sold.

Among the stores now under lease to be opened in 1935 is our first store in downtown Chicago, on State Street. This store alone should equal in sales volume, the combined eight stores opened in 1934. Several additional locations are under consideration for new stores.

With the number of unemployed in the country a matter of daily comment, it is interesting to note that our payrolls last October included 18,000 people, of whom more than 17,500 were men and women in our stores—approximately twice the number at a corresponding period in 1929.

Each of our stores is an integral part of the community it serves—a local institution just as much as the other stores in that city. Sales last year were \$85,069,612. This money did not accumulate. It was paid out in a steady stream for merchandise, payrolls, taxes, rents, freight—a constant stimulus to industry and business all over this country.

WILLIAM T. GRANT, Chairman.

B. A. ROWE, President.

CERTIFICATE OF AUDITORS

March 11, 1935

To the Board of Directors and Stockholders, W. T. Grant Company, New York, N. Y.

We have made an examination of the Consolidated Balance Sheet of W. T. Grant Company (a Delaware Corporation); its subsidiary companies, W. T. Grant Company (a Massachusetts Corporation); and W. T. Grant Realty Corporation (a New York Corporation) as at January 31, 1935, and of the statement of Consolidated Income and Surplus for the fiscal year ended at that date. In connection therewith, we examined or tested accounting records of the Companies and other supporting evidence; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Cash on deposit was confirmed. Merchandise inventories as taken and certified by the management, valued at not in excess of cost or market, whichever is lower, were tested by us as to pricing and computations. The Massachusetts Corporation was guarantor of a note issued to a bank by Trustees of an Employees' Stock Purchase Fund, secured by 1,425 shares of the capital stock of the Delaware Corporation, the unpaid balance of which note amounted to \$22,012.22 at January 31, 1935. Unused balances of Import Letters of Credit issued to the Massachusetts Corporation amounted to \$277,846.05 at that date.

In our opinion, based on our examination and information submitted to us, the annexed Consolidated Balance Sheet and the related Consolidated Income and Surplus Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, their consolidated financial position at January 31, 1935, and the consolidated results of their operations for the fiscal year then ended.

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(A Delaware Corporation)

AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT

For the Fiscal Year Ended January 31, 1935

SALES	\$85,069,611.91
COST OF MERCHANDISE SOLD AND OPERATING EXPENSES	80,765,418.69
	4,304,193.22
OTHER INCOME (Net)	7,258.05
	4,311,451.27
DEDUCT	
Interest paid less interest received	
Allowance for depreciation and amortization of leasehold improve-	
ments	
Provision for Federal Income Tax	1,695,249.24
NET INCOME	\$2,616,202.03

CONSOLIDATED SURPLUS ACCOUNT

For the Fiscal Year Ended January 31, 1935

BALANCE—January 31, 1934	\$17,146,091.95
NET INCOME—for year—as above	\$2,616,202.03
DEDUCT: CASH DIVIDENDS PAID	
April 2, 1934	
25c per share	
25c per share	
25c per share	
TOTAL DIVIDENDS PAID	\$1,195,355.00
SUNDRY SURPLUS CHARGES (Net)	61,192.63 1,256,547.63
NET ADDITION TO SURPLUS	1,359,654.40
BALANCE—January 31, 1935	\$18.505.746.35

(A Delaware Corporation)

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

January 31, 1935

ASSETS

CURRENT		
Cash	\$7,364,069.77 60,371.78	
Accounts Receivable	171,135.19	
Merchandise Inventories	10,331,294.46 82,861.73	\$18,009,732.93
OTHER ASSETS Advances to, and Security Deposited with, Landlords—To be		
Repaid over a Term of Years	469.033.23	
Employees' Notes and Accounts Receivable . Sundry Accounts, Notes, Claims and Investments; Funds in Closed	11,933.26	
Banks and Kestricted Balances less Keserve	18,624.94	499,591.43
PERMANENT ASSETS	6,620,608.88	
Furniture and Fixtures—At Cost		
LESS; Allowance for Depreciation	3,114,835.60	9,735,444.48
ALTERATIONS AND IMPROVEMENTS TO LEASED PROPERTIES . (This amount is being written off over a period not in excess of the term of the leases involved)		5,558,115.39
PREPAID ITEMS Propaid Taxes and Rents, Unexpired Insurance Premiums, Sup-		
plies, etc		772,088.79
		\$34,574,973.02
LIABILITIES		
CURRENT		
Accounts Payable	975,563.81	
Accrued Accounts	974,843.47	
Federal Tax Reserve . Notes and other Obligations Payable for Leases—Due 1935 . 	459,000.00 30,750.00	\$2,440,157.28
DEFERRED		
Notes and other Obligations Payable for Leases—Due 1936-1938. Tenants Deposits as Security for Leases (Expiring 1935-1949) —	166,000.00 8,433.32	174,433.32
REAL ESTATE MORTGAGES PAYABLE		
(Demand \$175,000.00; Maturing within One Year \$97,200.00;		3 919 959 99
Balance Maturing 1936-1943)		3,219,250.00 145,940.07
Capital Stock (Authorized 2,000,000 Shares of No Par Value)		
Capital Stock (Authorized 2.000,000 Shares of No Far Value)		
Outstanding 1,195,355 Shares	10,089,446.00	
Outstanding 1,195,355 Shares		28.595.192.35
Outstanding 1,195,355 Shares		28,595,192.35

COMPARATIVE CONSOLIDATED INCOME ACCOUNTS

1929	\$65,902,419 61,789,028	4,113,391 73,299	4,186,690	59,444 706,768 380,000	\$3,040,478
1930	\$71,376,487 66,736,925	4,639,562 93,841	4,733,403	37,895 858,634 463,245	\$3,373,629
1931	\$75,679,203 71,118,362	4,560,841 51,280	4,612,121	105,911 964,062 434,500	\$3,107,648
1932	\$73,086,856 70,101,405	2,985,451 65,612	3,051,063	140,488 1,061,345 237,154	\$1,612,076
1933	\$78,206,119 73,022,906	5,183,213 12,785	5,195,998	159,637 1,175,871 513,315	\$3,347,175
1934	\$85,069,612 80,765,419	4,304,193 7,258	4,311,451	145,189 1,153,180 396,880	\$2,616,202
FISCAL YEAR (Which Ends January 31 of Subsequent Calendar Year)	SALES LESS: Cost of Merchandise Sold and Operating Expenses	OTHER INCOME (Net)		DEDUCT: Interest Paid less Interest Earned Allowance for Depreciation and Amortization Provision for Federal Income Taxes	NET INCOME

COMPARATIVE CONSOLIDATED SURPLUS ACCOUNTS

1929	\$8,905,598 3.040.478	11,946,076	700,519 538,900 1,176	\$10,705,481
1930	\$10,705,481	14,079,110	1,187,830 9,795	\$12,881,485
1931	\$12,881,485 3,107,648	15,989,133	1,195,355 	\$14,709,843
1932	\$14,709,843 1.612.076	16,321,919	1,195,355 61,063	\$15,065,501
1933	\$15,065,501 3,347,175	18,412,676	1,195,355 71,229	\$17,146,092
1934	\$17,146,092 2,616,202	19,762,294	1,195,355 61,193	\$18,505,746
FISCAL YEAR (Which Ends January 31 of Subsequent Calendar Year)	SURPLUS-BEGINNING OF YEAR.		DEDUCT: Common Dividends Dividend Paid in Stock	SURPLUS-END OF YEAR

COMPARATIVE CONSOLIDATED BALANCE SHEETS

1930 	7,187,761 69,815 69,815 66,751 66,751 12,437,911 10,875,793	94.862	203,892 5,322,129 2,864,940 5,978,168 726,369	203,892 5,322,129 2,864,940 5,978,168 726,369 <u>\$27,628,271</u>	203,892 5,322,129 5,978,168 5,978,168 726,369 \$25,000 757,374 \$457,374 \$457,374 757,430 757,430	203,892 5,322,129 5,322,129 5,978,168 5,978,168 726,369 725,304 757,374 452,500 757,430 1,702,304
1931 	8,205,405 78,022 13,491,071	88,153 415,768 415,768 6,048,637 3,182,999 6,100,418 6,100,418 599,311	\$29,926,357	\$488,001 25,000 709,879 434,500	1,657,380	137,500 24,092 3,210,500
1932 	8,282,485 80,232 12,763,064	107,726 553,076 6,410,502 3,571,669 6,118,536 795,761	\$30,320,334	\$573,065 25,000 720,822 259,686	1,578,573	112,500 25,745 3,326,650
1933 	8,919,159 81,764 81,764 16,277,897	76,190 477,398 6,559,380 3,234,869 5,782,103 710,274	\$33,118,111	\$554,592 30,750 1,134,271 573,427	2,293,040	196,750 7,638 3,245,492
1934 \$7,364,070 \$21,507	82,862 18,009,733	30,558 469,033 6,620,609 3,114,836 5,558,115 772,089	\$34,574,973	\$975,564 30,750 974,844 459,000	2,440,158	166,000 8,433 3,219,250
AT END OF FISCAL YEAR (January 31 of Subsequent Calendar Year) ASSETS: Cash	Merchandise Inventories	Misc. Inv., Employees Acc. Rec., etc. (Net) Advances and Accounts with Property Owners Land and Buildings, Depreciated Furniture and Fixtures, Depreciated Alterations and Improvements, Depreciated Prepaid Rents, Taxes, Unexpired Ins., etc.	TOTAL ASSETS	LIABILITIES AND CAPITAL: Accounts Payable Notes Payable, etc. Accrued Accounts Reserve for Federal Taxes (Est.)	TOTAL CURRENT LIABILITIES	Deferred Notes Payable, etc

GRANT STORES

ALABAMA

Anniston Birmingham Decatur Gadsden Huntsville Mobile

ARKANSAS

Little Rock Pine Bluff

CALIFORNIA

Berkeley Fresno Huntington Park Los Angeles Oakland Sacramento San Jose Santa Barbara

CONNECTICUT

Ansonia Bridgeport (2) Danbury Danielson Derby Greenwich Hartford Meriden Middletown Milford Naugatuck New Britain New Haven New Milford Putnam Rockville Southington South Manchester Stamford Thomaston Thompsonville Torrington Wallingford Waterbury Willimantic Winsted

DELAWARE

Dover Milford Wilmington

FLORIDA

Jacksonville Miami Orlando Tampa Ybor City Station

GEORGIA

Albany Atlanta Augusta

GEORGIA (Cont.)

Brunswick Macon Savannah Valdosta

ILLINOIS

Alton Aurora Belleville Chicago (3) East St. Louis Elgin Galesburg Jacksonville Joliet Peoria Quincy Rockford Springfield West Frankfort

INDIANA

Evansville Fort Wayne Gary Hammond Indianapolis Michigan City New Albany South Bend

IOWA

Clinton Davenport Ottumwa Waterloo

KANSAS

Hutchinson Pittsburg

KENTUCKY

Louisville Paducah

LOUISIANA

Alexandria Baton Rouge Monroe New Orleans Shreveport

MAINE

Bangor Brunswick Calais Fort Kent Gardiner Lewiston Old Town Portland Sanford Skowhegan Van Buren

MARYLAND

Baltimore Cambridge Crisfield

MASSACHUSETTS

Adams Allston Arlington Athol Beverly Boston Brockton Cambridge Chelsea Chicopee Clinton Codman Square Danvers Dorchester East Boston Easthampton Everett Fall River Fitchburg Framingham Franklin Gardner Gloucester Great Barrington Haverhill Holvoke Hudson Hvannis Hyde Park Jamaica Plain Lawrence Leominster Lynn (2) Malden Marlboro Mattapan Medford Melrose Middleboro Milford Natick Needham New Bedford (2) Norfolk Downs North Adams North Attleboro Norwood Palmer Peabody Pittsfield Plymouth Reading Rockland Roslindale Roxbury Salem Somerville South Boston Stoneham Taunton

MASSACHUSETTS (Cont.)

Uphams Corner Sta. Wakefield Waltham Ware Watertown Webster Weymouth Winchendon Winthrop Worcester

MICHIGAN

Detroit (2) Grand Rapids Hamtramck Kalamazoo Lansing Muskegon Saginaw St. Joseph

MINNESOTA

Minneapolis Rochester St. Paul

MISSISSIPPI

Jackson

MISSOURI

Kansas City St. Joseph St. Louis Springfield

NEBRASKA

Lincoln Omaha

NEW HAMPSHIRE

Berlin Concord Derry Dover Franklin Manchester Nashua Portsmouth Rochester

NEW JERSEY

Bayonne Bloomfield Burlington Camden Collingswood Dover Hackensack Hammonton Hoboken Jersey City (3) Millville Mount Holly Newark (3)

NEW JERSEY (Cont.)

Passaic Paterson Rahway Riverside Somerville Trenton Union City Vineland West New York

NEW YORK

Albany Batavia Bath Bay Shore, L. I. Bayside, L. I. Beacon Binghamton Bronx (2) Brooklyn (2) Buffalo (7) Canandaiqua Carthage Catskill Corning Corona, L. I. Dansville Elmira Far Rockaway, L. I. Flushing, L. I. Freeport, L. I. Geneva Glen Cove, L. I. Glens Falls Gouverneur Great Neck, L. I. Hempstead, L. I. Herkimer Hudson Falls Huntington, L. I. Ilion Jamaica, L. I. Jamestown Johnstown Kingston Lackawanna Lockport Lynbrook, L. I. Mechanicville Medina Middletown New York City (7) New Rochelle Niagara Falls Norwich Oneida Oneonta Oyster Bay, L. I. Patchogue, L. I. Penn Yan Port Chester Port Jervis

NEW YORK (Cont.)

Poughkeensie Riverhead, L. L. Rochester Rockville Center, L. I. Rome Schenectady Seneca Falls Syracuse (2) Tonawanda Utica Watertown Warsaw Westfield Wellsville Woodhaven, L. I. Yonkers

NORTH CAROLINA

Charlotte Concord Elizabeth City Goldsboro Greensboro Greenville Hickory Kinston Raleigh

NORTH DAKOTA Fargo

OHIO

Akron Barberton Bellaire Bellevue Cambridge Canton Circleville Conneaut Davton Delphos East Liverpool Elyria Kent Lima Mansfield Marion New Philadelphia Newark Norwalk Portsmouth Steubenville Toledo Youngstown

OKLAHOMA

Muskogee Oklahoma City

PENNSYLVANIA Altoona

Bangor

PENNSYLVANIA (Cont.)

Berwick Blairsville Bloomsburg Bristol Butler Carlisle Chambersburg Columbia Conshohocken Corry Danville East Liberty Elizabethtown Ellwood City Erie Freeland Greenville Hazleton Homestead Honesdale Huntingdon Jeannette Johnstown Lancaster Lock Haven McKeesport Mahanov City Middletown Milton Mount Pleasant Mount Union Oil City Palmerton Philadelphia (4) Philipsburg Phoenixville Pittston Pittsburgh Pottstown Pottsville Reading Sayre Scranton Shamokin Shippensburg Sunbury Titusville Towanda Uniontown Upper Darby Waynesboro West Chester Williamsport Windber York

RHODE ISLAND

Newport Pawtucket Providence West Warwick Woonsocket

SOUTH CAROLINA

Charleston Columbia Florence Greenville

TENNESSEE

Bristol Chattanooga Memphis Nashville

TEXAS

Abilene Beaumont Brownsville Corpus Christi Dallas El Paso Fort Worth Galveston Houston San Antonio Waco Wichita Falls

UTAH

Ogden Salt Lake City

VERMONT

Bennington Burlington Newport St. Johnsbury

VIRGINIA

Charlottesville Clifton Forge Danville Fredericksburg Norfolk Harrisonburg Hopewell Lynchburg Newport News Petersburg Portsmouth Richmond Roanoke

WEST VIRGINIA

Elkins Hinton Huntington Parkersburg Weston

WISCONSIN

Fond du Lac Madison Oshkosh Sheboygan

465 STORES IN THIRTY-EIGHT STATES

W.T.GRANT CO. 25¢ 50¢ and \$10° Department Stores (Known For Values?)

